

Reduced estimation of India's growth rate

†2828. SHRI ISHWARLAL SHANKARLAL JAIN: Will the Minister of FINANCE be pleased to state:

- (a) whether Asian Development Bank has reduced its estimate on India's growth rate for the current financial year from seven per cent to 6.5 per cent;
- (b) if so, the details thereof; and
- (c) whether India's economic scenario has been affected due to high rate of inflation and weak demand?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) According to the Asian Development Outlook Supplement published by the Asian Development Bank (ADB) in July, 2012, India's GDP growth forecast for 2012 was revised from 7 per cent to 6.5 per cent.

(c) As per the revised estimates of annual national income, 2011-12 released by the Central Statistics Office (CSO), the growth rate of the Indian economy measured in terms of Gross Domestic Product (GDP) at factor cost at constant (2004-05) prices was 8.4 per cent each in 2009-10 and 2010-11 and 6.5 per cent in 2011-12. The rate of growth for the first quarter (April-June) of the current financial year is estimated to be 5.5 per cent. The slowdown in the growth of the economy is mainly on account of the slowdown in the industrial sector and lower growth registered in the agriculture sector and is attributable to both domestic and global factors. Global factors include, in particular, the crisis in the euro-zone and the near-recessionary conditions prevailing in Europe; sluggish growth in several industrialized economies; hardening of international prices of crude oil, etc. Among domestic factors, the tightening of monetary policy in order to control inflation resulted in the slowing down of investment and growth, particularly in the industrial sector. The weak demand mainly reflected in the lower growth of private final consumption expenditure and real fixed capital formation in the first quarter of 2012-13, has partly contributed to the slowdown.

Declining IIP

2829. SHRI Y.S. CHOWDARY:

SHRI PRAKASH JAVADEKAR:

Will the Minister of FINANCE be pleased to state:

†Original notice of the question was received in Hindi.

(a) whether it is a fact that Index of Industrial Production (IIP) has declined recently as per the data released by the Central Statistical Organisation;

(b) if so, the details thereof and reasons therefor; and

(c) the steps/measures taken by Government to revive the IIP?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) As per the latest quick estimates of Index of Industrial Production (IIP), the industrial growth for three broad sectors was as under:

Industry Group	(in per cent)	
	April-June 2011-12	April-June 2012-13
General index	6.9	-0.1
Mining	0.6	-1.1
Manufacturing	7.7	-0.7
Electricity	8.3	6.4

The industrial sector slowdown has been due to combination of factors such as decline in business sentiment leading to lower investment and credit flow to industry, increasing input costs, infrastructure bottlenecks and global slowdown resulting in decline in demand for exports.

(c) Government has already taken several confidence building measures for improving the industrial climate and to boost the business sentiment in the country. The action plan of the Government to revive the economy and industry in particular, *inter alia*, includes better access to finance for manufacturing sector, fast tracking of large investment projects in the areas of power, petroleum and gas, roads, coal, etc., strengthening of financial and banking sector, reducing the volatility of exchange rate, etc. Certain specific measures taken by the Government, *inter alia*, include promoting Micro Small and Medium Enterprises (MSME) sector by way of higher allocation of funds, liberalization of capital market to attract off-shore investment, enhancing investment in the infrastructure sector focusing on Public Private Partnerships and introduction of a new National Manufacturing Policy, etc.